

Senate Budget and Fiscal Review—Denise Moreno Ducheny, Chair

SUBCOMMITTEE NO. 4**Agenda**

Michael J. Machado, Chair
Robert Dutton
Christine Kehoe

**Part C**

Monday, May 21, 2007
11:00 a.m. - Room 2040

<u>Item</u>	<u>Department</u>	<u>Page</u>
California Department of Corrections and Rehabilitation		2
Population Estimate.....		2
Performance Measures		3
Reducing Recidivism and Rehabilitation.....		4
Health Care Issues		6
Division of Juvenile Justice.....		12
Board of Parole Hearings		19
Parole Operations		21
Correctional Standards Authority.....		25
Correctional Officer Recruitment.....		26
Office of Correctional Safety		28
Other Issues		29
Attachment I.....		31
Attachment II.....		31
Attachment III		31

California Department of Corrections and Rehabilitation

Population Estimate

Adult Population. The Governor's January budget proposal estimated that the inmate population would be 179,600 at the end of the budget year. The May Revision estimate assumes that the inmate population would grow slower and result in 178,300 inmates at the end of the budget year. The May Revision assumes that the inmate population will actually be about 900 less than estimated in January in the current year.

Parole Population. The Governor's January budget proposal estimated that the parole population would be 123,400 at the end of the budget year. The May Revision estimate assumes that the parole population will grow faster than previously estimated and will result in 126,100 parolees at the end of the budget year. The May Revision assumes that the parole population will be about 2,700 parolees higher than estimated in January in the current year.

Population Estimate – Fiscal Impact. The Governor's January budget proposal contained an additional \$47.9 million to fund the population estimate in the budget year. The major increase was related to the increased funding for the plan to transfer inmates out of state. The Governor's January proposal also contains an additional \$9.7 million in the current year due to the plan to transfer inmates out of state.

The May Revision estimate reduces the amount proposed for the budget year by \$46 million due to slower expected population growth. Furthermore, the May Revision estimate request included an additional \$3.3 million in the current year.

In summary, the total increase in funding related to the population estimate is \$1.9 million in the budget year and \$13.1 million in the current year.

There are also several other miscellaneous items and local assistance items that are included in the population estimate package, but are not necessarily driven by the department's population changes. These totals add up to \$10.3 million in the current year and \$29.5 million in the budget year.

May Revision. The May Revision includes two proposals that are related to the population estimate. These proposals include:

- **Technical Adjustments.** The Governor's budget is making technical adjustments for prison reform elements that were not part of AB 900 (Solorio). Specifically, the department has reversed savings amounts related to the following proposals:
 - **Direct Discharge.** \$47.9 million in savings.
 - **12 Month Clean Time.** \$4.6 million in savings.
 - **Eliminating Z Case Diagnostic Evaluations.** \$4.2 million in savings.

The administration has also deleted its funding proposal (\$457,000) for a sentencing commission. The reversal of these proposals results in an increase of \$56 million General Fund to the department's budget, which is offset by \$31.2 million in savings related to pursuing a 12-month clean time discharge policy. The total savings estimated for the 12-month clean time policy is larger than estimated in January because institution savings are included.

- **Local Assistance Claims.** The department is proposing trailer bill language to require local entities to file claims with the department within six months. Not all entities are filing claims in the six-month timeframe and are instead filing claims with the Victims Compensation and Government Claims Board. The budget already contains budget bill language that requires local assistance claims to be filed within a six month timeframe, but this has not stopped this practice.

Staff Recommendation. Staff recommends that the Subcommittee take the following actions:

- Approve recommendations on Attachment I.
- Approve technical adjustments (listed above) to the budget as proposed in the May Revision.
- Approve trailer bill language to prevent local entities from filing claims with the Victim Compensation and government Claims Board after the six-month deadline for filing claims with CDCR.
- Approve the following budget bill language to address the lack of transparency in the current population estimate process:

Provision X: The Department will consult with legislative staff and the Department of Finance to define what is and is not allowable in the annual population budget requests, and to reformat the document to make it a more transparent document to ensure appropriate legislative oversight. These actions shall occur in time for the Department to present an example of the reformed population document to the Legislature for the 2007-08 Governor's Budget.

Performance Measures

Background. The 2006-07 Supplemental Report to the 2006-07 Budget Act required that the department track certain performance measurements. These performance measurements were included in the Governor's budget and in a supplemental report to the budget.

Furthermore, the department also started a quarterly process called COMPSTAT that requires all of the divisions within the institution to compile various statistics quarterly and present to a management meeting. The purpose of these meetings is to identify problems and ensure that strategies are being pursued to solve these problems. The department admits that the COMPSTAT process has been a work in progress. Prior to instituting this process many divisions did not collect or track data that is critical to evaluating outcomes.

Staff Comments. Staff finds that the performance measurements included in the budget and the supplemental report were a good first step, but more needs to be done to refine the measurements to ensure that data is collected consistently and displayed in a transparent manner. Furthermore, staff finds that more needs to be done to coordinate with the COMPSTAT measurements in order to avoid duplication of staff work. Staff finds that the types of information presented in COMPSTAT and the annual budget report serve two purposes; (1) they are critical to successful and informed management decisions and (2) they improve the transparency of the department's operations.

Staff Recommendation. Staff recommends that the Subcommittee adopt placeholder trailer bill language to continue the performance reporting requirements started in the current year.

Reducing Recidivism and Rehabilitation

1. Smart Expansion of Rehabilitative Programming

Previous Subcommittee Direction. At the April 26 meeting of the Subcommittee, there was extensive discussion about the progress the department has made in implementing the \$52.8 million in new rehabilitative programming efforts in the current year. The department has made some progress, but there have been delays in the implementation efforts.

Furthermore, there was considerable discussion about the need for increased communication between program, custody, and parole to ensure that programming is effectively implemented. The Subcommittee requested information that would illustrate clearly who has overall responsibility for determining what rehabilitative programs should be implemented and/or expanded. The department has not provided the Subcommittee with this information.

The Subcommittee also requested information on the department's plans to put in place information technology solutions that will enable data collection so that rehabilitative programs can be evaluated and the department can move towards implementing evidence-based programming. The department has not provided the Subcommittee with this information.

Governor's Budget and May Revision. The Governor's budget includes \$93.9 million for various reducing recidivism strategies. This is \$41.1 million more than what was provided in the current year.

The DOF recently released a document with the May Revision that indicates that there will be \$17.2 million in savings in the current year from the \$52.8 million provided for reducing recidivism strategies. Therefore, the department estimates that it will implement \$35.6 million in new reducing recidivism strategies in the current year. The majority of these savings are related to slippages in implementing new residential beds for parolees and expanding the substance abuse program. The \$17.2 million in savings will revert to the General Fund at the end of the fiscal year. This reversion does not impact the \$93.9 million proposed in the Governor's budget.

AB 900. The Legislature recently passed AB 900 (Solorio) that contained considerable legislative directives related to rehabilitative programming. In addition, the legislation also includes an appropriation of \$50 million General Fund for rehabilitative programming in 2007-08. Specifically AB 900 requires the following:

- Expanded substance abuse beds.
- Mandatory needs assessment for all inmates at reception centers.
- Prison-to-employment plans to ensure programs provide sufficient skills to assist in successful re-entry.
- Establish mental health day treatment centers for parolees.
- Provide inmates with incentives to participate and complete educational goals.

The legislation also requires that all of the new infill beds include adequate programming space and requires the development of a staffing pipeline for rehabilitation services. The legislation also calls for a plan that will correct the management deficiencies that plague the department.

May Revision Does Not Implement AB 900. The May Revision does not contemplate a revised plan for expending the \$93.9 million in light of the passage of AB 900 and the specific directives contained in this legislation. Furthermore, the May Revision does not contain a plan for allocating the \$50 million appropriated in AB 900.

On May 11, 2007, the Governor announced a “Rehabilitation Strike Team” that will focus on: evaluating existing education, training, and substance abuse programs; developing leading-edge rehabilitation classes; delivering the services to inmates and parolees in order to improve public safety; designing facilities to best accommodate programs; and working with communities to continue services in local settings. The mission of the strike team is broad, and it is not clear what its timeframe is for developing new programming efforts. It is also not clear whether their efforts will directly inform the expenditure of the \$50 million for the budget year.

Staff finds that the mission of the Rehabilitation Strike Team is similar to the Expert Panel funded in the current year. Staff finds that the work of the Expert Panel should be incorporated into the work of the Rehabilitation Strike Team.

Staff Recommendation. Staff recommends that the Subcommittee take the following actions:

- Given the absence of a revised plan from the administration, staff recommends that the Subcommittee approve the revised reducing recidivism plan in Attachment II.
- Approve budget bill language to require that unexpended funds revert to the General Fund at the end of the fiscal year for funding provided for the reducing recidivism plan, including Senate changes to the plan.
- Approve placeholder trailer bill language to allocate the \$50 million appropriated in AB 900 (Solorio).

(Attachment II includes a code on the left-hand side that designates whether the proposal is included in the reducing recidivism plan or whether it is a regular Governor’s budget proposal.)

Health Care Issues

1. *Plata* Lawsuit Compliance

Previous Subcommittee Action. At the May 9 meeting of the Subcommittee funding (\$1.5 million) to provide pay parity for classifications at the Division of Juvenile Justice was approved.

Summary of Funding for *Plata* Lawsuit Compliance. The table below summarizes funding allocated for the *Plata* lawsuit. The funding authorized is the funding appropriated for direction by the Receiver. The Receiver sends notification when he wants to release those monies for expenditure on his medical care priorities. The funding referred to as base funding in the budget year is the full-year ongoing cost of the Receiver's expenditure in the current year.

	Funding Authorized	Funding Requested	Funding Expended
Prior Years			\$299
<i>Subtotal Prior Years</i>			<i>299</i>
Current Year 2006-07	100	50	79
<i>Subtotal 2006-07</i>	<i>100</i>	<i>50</i>	<i>79</i>
Budget Year 2007-08			
Governor's Budget		150	
Governor's Budget Base		55	
May Revision		25	
May Revision Base		18.2	
<i>Subtotal 2007-08</i>		<i>248.2</i>	
Total	\$100	\$298	\$378

The budget also includes \$1.3 million General Fund in the current year and \$1.5 million in the budget year to provide salary enhancements to personnel at the Division of Juvenile Justice that have been impacted by salary increases ordered by the federal court in the *Plata* lawsuit.

May Revision. The May Revision proposal allocates an additional \$25 million for the Receiver to allocate in the budget year. In addition, the administration proposes budget bill language that would allow the Receiver to expend these monies on projects that would benefit the *Coleman* lawsuit on mental health and the *Perez* lawsuit on dental care if there is agreement among the three courts.

The May Revision also incorporates an additional \$18.2 million for the full-year budget costs of ongoing expenditures made by the Receiver in the current year.

Finally, the administration is also proposing to transfer the medical guarding and transportation expenditures from the main CDCR item to the health care item. This adjustment will transfer \$65.5 million from the main item to the health care item, including 115 positions. The majority of medical guarding and transportation is funded from overtime. Of the total, \$40.9 million is to fund overtime.

Staff Comments. Staff finds that the number of positions dedicated to medical guarding and transportation are very low. The current allocation assumes that each prison only have 3.5 officers dedicated to medical guarding. Furthermore, it is unclear why the department has historically relied so heavily on overtime to support medical guarding and transport.

The LAO indicates that DOF is currently in the process of reviewing medical guarding and transport and the Receiver has estimated that there may be tens of millions in additional expenditures in the current year to augment the resources dedicated to medical guarding and transport.

Staff Recommendation. Staff recommends that the Subcommittee take the following action:

- Approve Governor's budget and May Revision letter to provide \$175 million to the Receiver in the budget year.
- Approve May Revision budget bill language to allow the Receiver to expend funding on projects that help the state comply with both the *Coleman* and *Perez* lawsuits.
- Approve transfer of medical guarding and transportation item from the main item to the health care item.

2. *Coleman* Lawsuit Compliance

Previous Subcommittee Action. At the May 9 meeting of the Subcommittee, the following projects were approved:

- \$50.6 million for salary enhancements.
- \$5.1 million for a Reception Center Enhanced Outpatient Program.
- \$12.8 million for the administrative segregation unit intake cell conversions.

The Subcommittee also requested the department to develop a strategy to modify the new stand-alone administrative segregation units to be in compliance with the *Coleman* court. Staff finds that the department misunderstood this question and has provided a process that may allow inmates in the Mental Health Delivery System to be placed in these units. The concern raised by the Subcommittee at the May 9 hearing is that the department should not build thousands of additional administrative segregation units that look like the new stand-alone administrative segregation units if the court will not allow the state to house certain inmates in these units. The department should be concerned about addressing this issue before they construct new stand-alone administrative segregation units that are exactly like the units that are not suitable for mentally ill inmates as determined by the court.

Furthermore, the Subcommittee also requested information on the savings related to legislation (SB 1134, Budget) enacted in 2006. Staff finds that less than 5 percent of the staff authorized in SB 1134 has been hired to date. The department has not provided the Legislature with this information.

Summary of Funding for the Coleman Lawsuit Compliance. The table below summarizes the funding allocated by the Legislature to address the *Coleman* lawsuit. The table does not include funding for projects considered capital outlay projects.

	Funding Requested	Funding Appropriated
Prior Years		\$87
<i>Subtotal Prior Years</i>		<i>87</i>
Current Year 2006-07		
Budget Act		71
SB 1134		36
Supplemental Appropriation Bill	\$24.1	
<i>Subtotal 2006-07</i>	<i>24.1</i>	<i>35.5</i>
Budget Year 2007-08		
Governor's Budget	72.1	
Governor's Budget Base	40.2	
May Revision	4.7	
<i>Subtotal 2007-08</i>	<i>117</i>	
Total	\$141	\$123

The administration indicates that \$2.4 million General Fund appropriated in the 2006-07 Budget Act for *Coleman* court compliance will revert as part of Provision 22.

May Revision. The May Revision includes \$4.7 million for additional actions related to the *Coleman* lawsuit. The additional proposals include the following:

- **Mental Health Administrative Segregation Units.** \$3.6 million for the conversion of 2,235 administrative segregation unit cells into mental health administrative segregation unit cells. These modifications will mainly reduce vent screens to reduce the risk of suicide by inmates that are placed in administrative segregation. These cells will be designated as mental health administrative segregation unit cells.

A separate proposal makes modifications to administrative segregation units across the state to create new intake administrative segregation unit cells since most suicides occur when an inmate is first placed in administrative segregation.

- **California Medical Facility – Acute Cells.** \$1.1 million to modify 124 existing mental health acute cells at the California Medical Facility to prevent suicide.

LAO Issue. There are three requests in the Governor’s budget directed by the *Coleman* court to modify cells to prevent suicide. The LAO finds that the funding is likely over-budgeted and the per-bed costs vary significantly from project to project without clear justification from the department. The LAO recommends approving these projects because of the legal ramifications of these projects, but also proposes budget bill language to ensure that excess funds revert at the end of the budget year.

Staff Comments. Staff finds that there will likely be considerable savings related to SB 1134 in the current year due to delays in filling the positions established in that legislation. Staff estimated that savings could be around \$30 million in the current year. There may also be savings in the budget year because the budget is based on a significant number of the positions being filled by July 1, 2007, which is highly unlikely.

Staff Recommendation. Staff recommends that the Subcommittee take the following actions:

- Approve the two May Revision requests to comply with the *Coleman* lawsuit.
- Approve LAO recommended budget bill language (this language also applies to the \$12.8 million approved on May 9, 2007).
- Approve budget bill language to require that unexpended funds revert to the General Fund at the end of the fiscal year for funding provided for the *Coleman* salary enhancement budget proposal.
- Approve budget bill language to require that unexpended funds revert to the General Fund at the end of the fiscal year for funding to support the full-year costs related to staff added in SB 1134.

3. Health Care Staff Recruitment

Background. As mentioned above, recruitment of key health care staff has been extremely challenging in the mental health area. Recruitment has also been difficult in the dental and medical areas. The department has over 1,000 vacancies in mental health and dental alone. The courts in the *Coleman* lawsuit and the *Perez* lawsuit have both significantly increased salaries for clinical staff in the hopes of recruiting more qualified staff to fill these positions.

May Revision. The May Revision includes a proposal to fund 15 two-year limited-term positions to augment the department’s hiring support function to hire additional mental health and dental clinicians and allocate \$2 million to advertising. Total cost of the proposal is estimated to be \$2.6 million, but the administration proposes funding the positions and advertising dollars by redirecting salary savings to fund these positions in the budget year.

These staff would assist in streamlining the hiring process, assist and guide potential candidates through the hiring process, and provide dedicated transactions staff to ensure that hiring documents are promptly addressed. These staff will also do a variety of other efforts that support the timely hiring of additional staff. The department is also requesting one position to monitor the hiring function and provide analysis and report on hiring statewide.

Staff Comments. Staff finds that there needs to be a concerted effort to recruit and fill the department's vacant positions. Filling these vacant positions is a critical step to complying with the federal courts on both the *Coleman* and *Perez* lawsuits. Staff finds that the practice of funding new administrative positions from salary savings related to clinical positions lacks transparency. Furthermore, salary savings should not be used to finance advertising costs related to recruitment of new staff.

Staff also finds that a Finance Letter has allocated \$1 million to the Department of Personnel Administration to aid in the recruitment of mental health and dental clinical staff.

Furthermore, LAO recommends reducing two of the manager positions given the relatively small number of line staff proposed for these activities.

Staff Recommendation. Staff recommends that the Subcommittee take the following actions:

- Reject the Governor's May Revision proposal.
- Approve \$1.3 million General Fund to support 13 new staff and on-line exam capability to help in processing and hiring potential candidates.

4. *Perez* Lawsuit Compliance

Previous Subcommittee Action. At the May 9 meeting of the Subcommittee, \$20.9 million was approved to support 231 new positions to meet the new lower inmate to dentist ratios (515:1). This funding will support 77 dental staff and 102 custody staff.

The Subcommittee also held open the Governor's budget proposal to allocate \$57.8 million to fund salary raises for various dental classifications pending review of a recent pay letter from the Department of Personnel Administration (dated May 4, 2007). The \$57.8 million includes \$2.1 million to ensure pay parity for clinical staff at the Division of Juvenile Justice. The funding requested for the current year is to fund salary increases.

Summary of Funding for *Perez* Lawsuit Compliance. The table below summarizes the funding appropriated and requested for *Perez* lawsuit compliance.

	Funding Requested	Funding Appropriated
Prior Years		\$13
<i>Subtotal Prior Years</i>		<i>13</i>
Current Year 2006-07		
Budget Act	25.1	
Supplemental Appropriation Bill	18.8	
<i>Subtotal 2006-07</i>	<i>43.9</i>	
Budget Year 2007-08		
Governor's Budget	78.7	
May Revision	2.7	
<i>Subtotal 2007-08</i>	<i>81.4</i>	
Total	\$125	\$13

May Revision. The May Revision includes \$2.7 million to support 20 headquarters staff within the Dental Program at CDCR headquarters. The staffing includes a Statewide Dental Director and support staff, four Regional Dental Director positions, and other clinical staff to support a fourth regional Quality Management Assessment Team as recommended by the court. Monies to support four of the director positions were already included in the Governor's budget proposal to fund salary enhancements for dental staff. Therefore, this proposal only requests position authority for four of the director positions.

LAO Recommendation. The LAO recommends supporting the May Revision proposal to add additional staff to provide leadership and oversight over the dental program. However, the LAO finds that the proposal assumes that all positions will be filled by July 1, 2007, which is unlikely. The LAO recommends reducing this proposal in half to account for a phased in hiring schedule.

The LAO also recommends that the Legislature send the budget proposal for dental salary enhancements to conference. The LAO finds that the current and budget year figures to implement the May 4, 2007, pay letter need to be adjusted. For example, the budget proposal assumes that the salary increases are retroactive to January 1, 2007, in the current year, but the pay letter states that the pay raises are retroactive only to April 1, 2007.

Savings From Vacancies Likely. Staff finds that the department currently has a 57 percent vacancy rate at the first 14 institutions where it has implemented the reduced inmate to dentist staffing ratios. The department has a 40 percent vacancy rate for all of the other institutions. Staff finds that a salary increase would help to fill these vacancies. Staff finds that the department will likely have some savings in the current year due to the number of vacant dental positions.

Staff Recommendation. Staff recommends that the Subcommittee take the following actions:

- Approve the May Revision request less \$1.1 million to reflect a phased in hiring schedule as recommended by the LAO.
- Approve the budget proposal to fund salary increases for dental positions at CDCR (including dental positions at DJJ).
- Approve budget bill language to require that unexpended funds revert to the General Fund at the end of the fiscal year for funding provided for the *Perez* salary enhancement budget proposal.
- Approve budget bill language to require that unexpended funds revert to the General Fund at the end of the fiscal year for funding provided for the *Perez* staffing augmentation (515:1) budget proposal.

5. Court Order Tracking

Background. The CDCR is currently in the process of complying with numerous court orders. These court orders will, collectively, cost the state billions of dollars. Presently, it is very difficult to track what funding has been allocated to help the state comply with these court orders.

Staff Recommendation. Staff recommends that the Subcommittee approve supplemental report language to require the department, with consultation from the DOF and LAO to develop a consistent methodology for tracking and reporting budgetary expenditures for lawsuit compliance.

6. Technical Facility Budget Realignment

May Revision. The May Revision includes a technical facility budget realignment to move \$3.2 million (\$1.1 million ongoing) from the health care item to the general support item to help facilitate the Receiver's request to relocate CDCR staff that at the 501 J Street facility that are not part of the Receiver's program.

Staff Recommendation. Staff recommends that the Subcommittee approve this May Revision proposal.

Division of Juvenile Justice

1. Juvenile Justice Continuum

Previous Subcommittee Direction. At the April 23 meeting of the Subcommittee, a budget change proposal (\$585,000 General Fund) to add additional custody staff to the N.A. Chaderjian Youth Correctional Facility was adopted. The Subcommittee held open an additional budget change proposal (\$395,000 General Fund) to fund positions and a consulting contract to convene a group to develop a Juvenile Justice Operational Master Plan in conjunction with the counties and other stakeholders.

Also at that hearing, the Subcommittee learned about a recent report by the Juvenile Justice Data Project, which is a group of stakeholders that include local law enforcement, probation, county government, state corrections, advocacy groups, and service providers. This group identified the need to define desired outcomes of the juvenile justice system, determine current data gaps, and propose policies to encourage the implementation of evidence-based practices. All of these efforts would help in laying the foundation for strengthening the juvenile justice continuum.

Furthermore, a recent report (dated April 2007) by the Data Project found that one-third of the counties were using a validated risk assessment to match youth with the appropriate level of intervention from diversion to confinement. The report also found that only about 5 percent of the programs in use by counties system-wide were being evaluated in terms of recidivism. Furthermore, the report found that considerable data challenges exist given the lack of common collection methodologies and tracking systems among counties.

Staff Recommendation. Staff recommends that the Subcommittee take the following actions:

- Approve \$395,000 for contracts and one Staff Services Manager III to continue the work of the Juvenile Justice Data Project. The funds should be used to work towards the development of a Juvenile Justice Operational Master Plan that will focus on strengthening the juvenile justice continuum, including implementing validated risk assessments across jurisdictions and developing comparable data that can be used to implement evidence-based programs.
- Approve budget bill language to require the department to contract with national experts from the *Farrell* expert panel in development of a Juvenile Justice Operational Master Plan. Also require that the plan address facility and infrastructure issues throughout the continuum.

2. Juvenile Reentry

Previous Subcommittee Direction. At the April 23 meeting of the Subcommittee the department announced the award of \$10 million in re-entry grants that were included in the 2006-07 Budget Act. The grants were awarded to five projects and will be available for expenditure over the next three years. The Subcommittee requested additional information from the department on the evaluation components of these grants. The department has indicated that the contracts will include data elements so that outcomes can be measured. These data components are being developed and implemented with the department's Office of Research.

Governor's Budget. The Governor's budget proposes to eliminate the Juvenile Justice Community Reentry Challenge Grant, in the budget year, resulting in \$10 million General Fund savings.

Staff Comments. Staff finds that reentry of youth from DJJ facilities back into the community is a weak component of the juvenile justice continuum at both the state and county levels. More needs to be done to ensure that youthful offenders transition smoothly back into their community. Staff finds that the re-entry grants awarded in the current year will serve as a good pilot to evaluate the success of the different efforts.

Furthermore, staff finds that the development of more group home placements and foster care placements at the county level could also help ease the transition for some youth that do not have stable home environments. However, there continues to be a need for re-entry services and facilities for youth that are over 18 and paroling from DJJ. The Governor's May Revision proposal includes a small proposal for 20 residential beds in Northern and Southern California that could help with this transition (see next item).

Staff Recommendation. Staff recommends that the Subcommittee reject the Governor's budget proposal and restore \$10 million for competitive re-entry grants.

3. Gang Prevention and Intervention—Project IMPACT

Background. Project IMPACT (Incarcerated Men Putting Away Childish Things) is a non-profit organization started by incarcerated men at San Quentin State Prison. This program is facilitated by men that are currently incarcerated and ex-offenders that have transitioned back into their community. The facilitators lead workshops and seminars that provide leadership on preventing violence, overcoming addictions, developing healthy relationships, and giving youth the tools to reconcile with themselves, their family, and their communities.

May Revision. The May Revision includes \$820,000 General Fund to expand Project IMPACT so that more gang-involved youth in DJJ can participate in this program. The funding request includes \$305,000 for additional CDCR staff to facilitate the expansion of the program at DJJ facilities and \$515,000 to contract for 20 residential beds (10 in Northern California and 10 in Southern California) for youth paroling from DJJ.

Staff Recommendation. Staff recommends that the Subcommittee approve this proposal.

4. *Farrell* Remedial Plan Technical Adjustment

Previous Subcommittee Direction. At the April 23 meeting of the Subcommittee, funding for a budget change proposal (\$3.8 million General Fund) to support an additional Intensive Behavioral Treatment Program housing unit and additional youth correctional counselors in the classrooms at these units was held open. The Subcommittee requested additional information on the staffing dilemma related to recruiting mental health staff, the plan for filling the positions, and how that relates to the department's conversion timeline. The department has not provided the Subcommittee with information to respond to this request.

Governor's Budget and May Revision. The Governor's Budget contained several proposals to implement the *Farrell* remedial plans. These proposals were contained both in the population estimate and in budget change proposals. The May Revision proposes to make adjustments to the *Farrell* remedial plans outside of the population estimate. The table below summarizes the total increase in funding requested for these items. The funding requested in the Governor's budget that is labeled population below is contained in the population estimate (see the next item).

	Governor's Budget	May Revise	Total
Safety and Welfare Plan - Population	\$10,717	\$5,172	\$15,889
Mental Health Plan - Population	-2,567	1,342	-1,225
Mental Health Plan - BCP	3,844	416	4,260
Total	\$11,994	\$6,930	\$18,924

Furthermore, the administration indicates that \$30.2 million appropriated for *Farrell* reform efforts in the current year is scheduled to revert to the General Fund as per Provision 22 budget bill language adopted in the 2006-07 Budget Act.

The department indicates that these additional monies are needed to ensure implementation of the staffing ratios required by the *Farrell* implementation plans.

Staff Comments. Staff notes that this increase is counterintuitive given the reduction in the population and the projected closure of a facility. However, staff would note that unallocated savings are assumed in other budget items that would offset this increase, including a savings of \$13 million if the realignment proposal is adopted and the state decides to close Herman G. Stark Youth Correctional Facility (see item below). Furthermore, staff finds that the department is continuing to ramp up staffing to ensure that the higher staff to ward ratios required under the *Farrell* reforms are achieved.

Staff Recommendation. Staff recommends that the Subcommittee take the following actions:

- Approve this budget and May Revision proposals.
- Approve budget bill language to require that unexpended funds revert to the General Fund at the end of the fiscal year for the \$35.4 million appropriated to implement the Safety and Welfare Remedial Plan.
- Approve budget bill language to require that unexpended funds revert to the General Fund at the end of the fiscal year for the \$20.9 million appropriated to implement the Mental Health Remedial Plan.

5. DJJ Population Estimate

DJJ Population. The Governor's January budget proposal estimated that the ward population would decline from 2,900 wards as of June 30, 2006 to about 2,500 wards by the end of the budget year. The May Revision estimate assumes further decline to 2,340 wards by the end of the budget year. This is nearly a 25 percent decline in population. This decline is primarily the result of fewer juvenile court commitments to state facilities. The May Revision assumes that the ward population will decline to just over 2,600 wards by the end of the current year. These baseline projections do not reflect the administration's proposal to realign certain wards to the counties.

DJJ Parole Population. The Governor's January budget proposal estimated that the DJJ parole population would decline from 3,100 wards as of June 30, 2006 to 2,400 parolees by the end of the budget year. The May Revision estimate stays relatively flat, estimating an additional decline to 2,385 parolees. This is a 23 percent decline in population. The decline is primarily due to the continuing declines in the DJJ population. The May Revision assumes that the parole population will decline to 2,765 by the end of the current year. These projections also do not reflect the administration's proposal to shift a portion of the ward population to the counties.

Population Estimate – Fiscal Impact. The Governor's January budget proposal contained an additional \$3.2 million to fund the population estimate in the budget year. The increase is a result of the department's ongoing implementation of the remedial plans that are part of the *Farrell* reforms. The Governor's January budget proposal contains a \$2.3 million downward adjustment in expenditures for the current year due to delays in implementing the *Farrell* reforms and the decline in population.

The May Revision estimate is driving an additional \$1.6 million in the budget year due to additional funding needed to implement the *Farrell* remedial plans. Furthermore, the May Revision estimate request includes an additional \$1.2 million in the current year mainly to fund additional cadets that are scheduled to attend the academy in the current year.

In summary, the total increase in funding related to the population estimate is \$4.8 million in the budget year and a decline of \$1.1 million in the current year. The increased funding in the budget year is due to increased staffing needed to implement smaller living units required by *Farrell* remedial plans. The declines in the current year are due to delays in implementing the *Farrell* reforms and the general decline in the population.

Staff Recommendation. Staff recommends that the Subcommittee take the actions listed on Attachment III.

6. DJJ Population Realignment

Previous Subcommittee Direction. At the February 28 meeting of the Subcommittee, testimony was heard about the Governor's proposal to realign a portion of the youth currently sent to DJJ to county placements. The Subcommittee heard considerable testimony about the benefits of treating youthful offenders locally in their communities. However, the Subcommittee also learned that there is considerable variation among the counties related to capacity to serve special populations of youthful offenders such as mental health services and substance abuse services.

Governor's Budget and May Revision. The Governor's January budget proposal would realign the youthful offender population by stopping intake of all female offenders and all non-707(b) male offenders starting July 1, 2007. The proposal would include a block grant to the counties to support this shift based on average costs of \$94,000 per youth. In addition to the block grant, the counties would no longer have to pay the sliding scale fees to the state, which the administration estimates is about \$26,000 per youth. Therefore, the total amount the counties would have to serve this population is \$120,000 per youth.

The May Revision contains the same juvenile realignment proposal as is contained in the Governor's January budget. However, the population impacted by the shift has been revised downward due to the revised population estimate that assumes that the DJJ population continues to decline on the natural. The May Revision proposal also assumes the closure of DeWitt Nelson Youth Correctional Facility, further increasing the savings in the budget year. The table below summarizes the impacts of the Governor's shift proposal and the revised population estimate.

	Governor's Budget	May Revise
DJJ Savings	-\$86	-\$77
Block Grant to Counties	53	36
Total	-\$33	-\$41

The DJJ savings listed in the table above does not include another savings proposal contained in the Governor's proposal related to eliminating the \$10 million re-entry grant. Furthermore, staff would note that the savings related to the closure of Herman G. Stark Youth Correctional Facility is included in the May Revision estimate of savings (\$13 million). The closure of the DeWitt Nelson Youth Correctional Facility (estimated at \$1.7 million in the budget year) is included in the population estimate and is not contingent on the realignment proposal being approved. Furthermore, the savings listed above are slightly different from what is included in the May Revision because the annual per capita ward cost used to calculate the May Revision savings was incorrect.

The table below summarizes the May Revision adjusted population that would be realigned to the counties under the Governor's proposed DJJ realignment. It should be noted that the figure below contains the total number of wards that would be realigned and does not reflect average daily population. For example, if the state stopped intake of non-707(b) males, 290 male offenders would be added to county caseloads over the course of the entire year, they would not all show up on July 1, 2007.

	2007-08	2008-09
Stop Intake of Non-707(b) Females	20	40
Stop Intake of 707(b) Females	15	30
Stop Intake of Non-707(b) Parole Violators	130	260
Stop Intake of Non-707(b) Males	290	580
Return of Non-707(b) Males	350	700
Total	805	1,610

The May Revision also contains revised trailer bill language that implements the block grant to counties and new budget bill language to allow mid-year budget adjustments based on

unforeseen changes in the number of offenders who are shifting from the state to the local jurisdictions.

LAO Recommendations. The LAO recommends that the Subcommittee adopt the DJJ population realignment proposal with the adjustments made in the May Revision. However, the LAO continues to have concerns with the proposal. First, the LAO finds that the Governor's proposed trailer bill language to establish the block grant to counties lacks details and does not ensure that funding sent to counties is used effectively to improve supervision and treatment services. The LAO finds the language requiring outcome measures too vague.

Second, the LAO finds that additional technical adjustments should be made to other budget proposals to reflect the lower population at DJJ and the shutdown of DeWitt Nelson Youth Correctional Facility. The LAO recommends adjustments to the Proposition 98 funding allocated to DJJ and a January budget proposal to update equipment at various juvenile facilities.

The department continues to pursue contracts to house all of the female offenders currently at DJJ. The LAO finds that this contract will likely not be activated by July 1, 2007 as envisioned in the budget. Furthermore, the LAO finds that the amount budgeted for the contract may have to be augmented to address increased health care costs.

Finally, the LAO recommends budget bill language to require the department to develop a long-range plan for reducing and consolidating existing DJJ facilities. The LAO finds that such a plan would avoid problems similar to the state's recent investment of state funds in facility improvements at DeWitt Nelson just before it was selected by the administration for closure at the end of the budget year.

Staff Comments. Staff finds that there continues to be many technical issues and details that need to be resolved related to the realignment proposal, especially in the area of accountability. Furthermore, it is not clear that all counties will be ready to take back the non-707(b) youth that are currently committed to DJJ.

In addition, many counties currently do not have the capacity to deliver specialized services such as mental health services or substance abuse. Staff finds that these services are especially limited for youth outside of major urban areas.

Staff finds that any realignment proposal should have a specific focus on strengthening the continuum of care at the county level for youthful offenders. The continuum should include foster care, group homes, specialized treatment facilities, camps, and other placement options at the county level.

Staff Recommendation. Staff recommends that the Subcommittee take the following actions:

- Approve the May Revision realignment proposal, but assume that only 25 percent of the non-707 (b) youth currently housed at DJJ are returned to the counties. This would add \$9.7 million to the May Revision proposal (thereby reducing savings).
- Approve an additional \$5 million for competitive grants to develop local, regional capacity to provide specialized services to youth, such as mental health services and

substance abuse services, with a focus on strengthening the continuum of care for juvenile offenders at the county level.

- Approve placeholder trailer bill language to implement the population realignment, including the methodology to allocate grants, and requirements for performance and outcome measures for the counties. Requirements should be focused on strengthening the continuum of care for juvenile offenders at the county level and should include the development of common data systems and measurement methodologies across counties.
- Approve revised budget bill language to limit the transfer of funding between items to adjustments related to the return of non-707(b) males currently in custody at DJJ with notification to the Joint Legislative Budget Committee.

The intent of the Subcommittee is to send this proposal to conference committee.

Board of Parole Hearings

1. Lifer Hearing Process

Previous Subcommittee Action. At the April 23 meeting of the Subcommittee, the following information was requested related to the lifer hearing process:

- Strategies to reduce the number of incomplete files being sent to commissioners.
- Strategies to ensure that errors in the files are corrected.

The department has not responded to these requests.

Governor's Budget. The Governor's budget proposal includes \$4.5 million General Fund to support 19 positions, hardware, telecommunications, and contracts to implement a new information technology system for tracking and scheduling lifer prisoner parole hearings. The Department of Finance approved a Feasibility Study Report for this project on May 31, 2006.

The Governor's budget proposal also includes \$701,000 General Fund to support overtime costs for Correctional Counselors to prepare reports in preparation of lifer hearings. The funding will also support overtime costs for Correctional Officers needed as security in the lifer hearings. These funds are requested on a one-time basis to try and reduce the backlog of lifer hearings.

May Revision. The May Revision includes \$1.4 million General Fund to support a contract for transcription services for lifer parole consideration proceedings.

State law requires that the board record and transcribe all recordings of lifer hearings. These hearing shall be made public no later than 30 days from the date of the hearing. A 2006 Stipulated Agreement in the *Lugo* (formerly *Rutherford*) lawsuit requires the board to take actions to comply with state law. The department is redirecting \$1.3 million in the current year from other board expenditures to fund this transcription service.

Staff Comments. Staff finds that the lifer hearing process continues to be fraught with inefficiencies and dysfunction. One-third of lifer hearings continue to be postponed, which is a

significant waste of taxpayer resources and the department does not have a systematic and strategic way to address the reasons for the postponements. It is difficult to understand why incomplete files are sent to commissioners and errors are not fixed in the files.

Furthermore, the board has failed to provide the Subcommittee with additional information about why it has selected two additional risk-assessment tools that are different from the COMPAS tool being implemented in the rest of the department.

In addition, the Appeals Unit, within the Board of Parole Hearings, appears to be a mirror image of a unit that was abolished in 2004 because it was ineffective and inefficient. This unit has been re-established with the same regulations and with analytical staff that are not qualified to review legal decisions related to appeals. Furthermore, when this budget proposal was approved it was presented as an appeals unit to address concerns related to the *Valdivia* lawsuit. Staff understands that the *Valdivia* court has actually prohibited the board from creating an appeals unit.

Furthermore, there continues to be ongoing debate about how to track the backlog of lifer hearings. The department should have a clear methodology that is consistent and easily understood and tracked.

Staff Recommendation. Staff recommends that the Subcommittee take the following actions:

- Approve the Governor's budget proposal to fund the Lifer Scheduling and Tracking System.
- Approve the Governor's budget proposal to fund overtime for Correctional Counselors and Correctional Officers to help reduce the backlog of lifer hearings.
- Approve the May Revision proposal to fully fund the contract for transcription services.
- Delete funding (\$640,000 General Fund) and position authority (8 positions) and eliminate the Appeals Unit within the Board of Parole Hearings.

2. Parole Revocation Processes

May Revision. The May Revision proposal includes \$1.6 million to support 12 positions in the Office of Legal Affairs to establish the Independent Self-Monitoring team that will provide sufficient monitoring and analysis to the parole revocation hearing process to ensure compliance with the *Validivia* class action lawsuits.

Staff Recommendation. Staff recommends that the Subcommittee approve this budget proposal.

Parole Operations

1. COMPAS Risk/Needs Assessment—Informational Item

Previous Subcommittee Direction. At the April 23 and May 9 meetings of the Subcommittee, additional information was requested related to the Correctional Offender Management Profiling for Alternative Sanctions (COMPAS) risk/needs assessment tool that is being used by CDCR. There has been some confusion regarding whether or not the COMPAS tool had been validated for California and the Subcommittee requested a report on what validations are needed of the COMPAS tool, the timing of those validations, and how they will be utilized by both institutions and parole.

How COMPAS is Being Used? The department indicates that, over the last eighteen months, the parole division has been piloting the COMPAS risk/needs assessment as a part of pre-parole services in CDCR institutions. More than 50,000 assessments of offenders have been conducted to date. The department is also starting a pilot project at four reception centers to use the COMPAS tool to guide placement and treatment while the offender is housed in CDCR institutions.

Validations and Evaluation Needed. The department indicates that it has entered into a contract with UCLA to conduct a validation and evaluation of the COMPAS tool using the California data collected. The Office of Research is consulting with the Division of Adult Operations, Adult Programs, and the Board of Parole Hearings to understand better the needs of the user and how the assessment will be utilized to determine the goals of the validation study. The department indicates that the validation and evaluation studies have already started and are tentatively set to be completed in November of the current year.

The department has agreed to meet with Legislative staff after each phase of the validation to review findings and recommendations and explain the actions needed to modify the tool to meet the needs of the department.

2. Sex Offender Management Plan – Proposition 83

Previous Subcommittee Direction. At the April 23 meeting of the Subcommittee, the Governor's proposal to implement Proposition 83, the Sex Offender Management Plan was held open and the following information was requested from the department.

- An implementation plan for the GPS monitoring programs and additional information on the type of technology being chosen by the department.
- Findings from the \$50,000 allocated in the current year to survey best practices of in-prison sex offender treatment.
- An estimate of the costs, if any, of the residence restriction component of Proposition 83.

The department indicates that the \$50,000 was used to contract with two subject matter experts from Colorado to draft an in-custody treatment model. The department indicates that the report is due to be completed by June 30, 2007.

The department indicates that the implementation of the residency restrictions included in Proposition 83 are dynamic and that it is too early to estimate the costs associated with the restrictions. The department indicates that finding compliant housing remains the initial burden for the parolee and that many parolees find suitable housing.

The department indicates that it has chosen to implement the one-piece GPS technology and has had good success with this type of unit. Furthermore, the department recognizes that other jurisdictions utilize a two-piece unit, but that many experienced problems when the parolee lost or left the second piece (worn at the waist or in a pack) triggering a false alert to the parole agent.

Current Year Funding. The Governor's budget and a Finance Letter (dated January 29, 2007) requested \$30.4 million in the current year to fund Proposition 83, SB 1178 (Speier), and SB 1128 (Alquist). A subsequent Finance Letter (dated March 28, 2007) was received that reduced the original request by \$11.8 million. The majority of these savings were due to overstated facilities costs in the original proposal. However, additional savings are also estimated based on more realistic expectations of the time it will take to hire staff and implement the new GPS units. Staff finds that the revised current year funding amount (\$18.6 million) is contained in a supplemental appropriations bill (SB 101, Budget) pending in the Assembly.

Sex Offender Management Plan	2006-07			
	Budget	3/28/07	Total	Positions
Adult Institutions:				
Prescreening for Sexually Violent Predators	\$2,784	-\$1,253	\$1,531	8.6
Board of Parole Hearings:				
Probable Cause Hearings for Sexually Violent Predators	1,489	-99	1,390	11.7
Parole Operations:				
Passive GPS Monitoring for non-High Risk Parolees	8,840	-6,896	1,944	17.9
Active GPS Monitoring for High Risk Parolees	15,529	-2,057	13,472	29.0
Screening of Parolees for Sexually Violent Predators	1,758	-1,455	303	19.1
Total	\$30,400	-\$11,760	\$18,640	86.3

The Department of Mental Health has also requested additional funds to implement the new laws and voter initiative in the current year. A Finance Letter (dated January 10, 2007) requested additional funding for the Department of Mental Health to implement these law changes in the current year. The original amount requested in the Finance Letter was revised and \$15.7 million will be funded in the current year from the 9840 budget item (Augmentation for Contingencies or Emergencies) (\$3.2 million) and SB 866 (Runner) (\$12.4 million).

Governor's Budget and Finance Letter. The Governor's budget requested \$77.3 million General Fund to support the Sex Offender Management Plan in the budget year. A Finance

Letter (dated March 29, 2007) proposes to reduce this amount by \$9.3 million General Fund. This reduction is due to overstated facilities costs in the original proposal. Furthermore, the department has determined that the modular units requested for Pleasant Valley State Prison and four other locations for screening and record keeping related to the Sexually Violent Predator screening will not occur until the budget year.

Sex Offender Management Plan	2007-08			
	Jan 10	3/29/07	Total	Positions
Adult Institutions:				
Prescreening for Sexually Violent Predators	\$1,416	\$1,253	\$2,669	16.9
Board of Parole Hearings:				
Probable Cause Hearings for Sexually Violent Predators	2,592		2,592	23.1
Parole Operations:				
Passive GPS Monitoring for non-High Risk Parolees	33,365	-6,862	26,503	82.2
Active GPS Monitoring for High Risk Parolees	35,211	-3,663	31,548	132.2
Screening of Parolees for Sexually Violent Predators	4,116		4,116	37.7
Establish the Sex Offender Management Board	586		586	2.7
Total	\$77,286	-\$9,272	\$68,014	294.8

The Governor's budget proposal also included an additional \$25 million in the budget year for the Department of Mental Health to phase in the law changes that will likely result in a larger number of Sexually Violent Predators. A Finance Letter (dated March 29, 2007) revised this funding request to \$21.7 million. The Department of Mental Health projects that this amount will be further impacted by the caseload changes in the May Revision.

LAO Recommends Workload Adjustments. The LAO recommends two additional adjustments to this budget proposal beyond what the administration proposed in the Finance Letter (dated March 29, 2007). The department has concurred in these adjustments that result in \$5.6 million in additional savings in the budget year. The two adjustments are as follows:

- **Active GPS Parole Agents** – A reduction of \$2.5 million and 23 parole agent positions to account for over-budgeting related to the Active GPS program.
- **Active GPS Unit Costs** – A reduction of \$3.1 million to reflect a lower per unit cost of the active GPS unit.

Staff Recommendation. Staff recommends that the Subcommittee take the following actions:

- Approve the Governor's budget and Finance Letter (dated March 29, 2007) less \$5.6 million consistent with the LAO's workload adjustments.
- Approve budget bill language to require that unexpended funds revert to the General Fund at the end of the fiscal year for funding provided for the Sex Offender Management Plan.

3. High Risk Sex Offender Task Force

Previous Subcommittee Direction. At the April 23 meeting of the Subcommittee, the Governor's budget proposal to support various recommendations of the High Risk Sex Offender Task Force was held open. Furthermore, staff was directed to work on trailer bill language with all parties to require a research based component in each treatment contract to ensure that the department can track recidivism outcomes of these programs.

Governor's Budget. The Governor's budget proposes \$45.6 million General Fund to support six positions to implement the recommendations of the High Risk Sex Offender Task Force. The department indicates that this budget proposal would complete implementation of the "containment system" for sex offenders. The table below details the funding and positions for various components of the proposal.

High Risk Sex Offender Task Force	2007-08	
	Funding	Positions
Sex Offender Treatment	\$42,700	
Polygraph Testing	1,650	
Parole Agent Training on Containment Model	640	
Parole Agents for SAFE Teams	417	3.8
Data Collection and Contract Oversight	172	1.8
Total	\$45,579	5.6

LAO Recommendation. The LAO recommends that the Legislature approve the requested funding for this proposal. The LAO has recommended in past Analyses that the containment model approach is a cost-effective way to supervise sex offenders on parole.

Furthermore, the LAO finds that \$6.1 million was appropriated for sex offender treatment in the 2000-01 Budget Act. The department indicates that it is currently expending \$3.5 million to provide sex offender treatment services to 250 parolees. Therefore, the LAO recommends reducing the current proposal by \$2.6 million to account for the funding that should be supporting sex offender treatment, but has been redirected to fund other activities. The department concurs with \$2.2 million of this request because the department indicates that the original appropriation was actually \$400,000 less.

Staff Recommendation. Staff recommends that the Subcommittee take the following actions:

- Approve this budget proposal less \$2.2 million consistent with the LAO's recommended adjustment.
- Approve placeholder trailer bill language to require a research based component in each treatment contract to ensure that the department can track recidivism outcomes of these programs.
- Approve budget bill language to require that unexpended funds revert to the General Fund at the end of the fiscal year for funding provided for the High Risk Sex Offender Task Force, including Senate changes to the plan.

Correctional Standards Authority

1. Local Jail Bed Construction

Background. Recently enacted legislation (AB 900, Solorio) authorized \$1.2 billion in lease revenue bonds to fund the construction of 13,000 county jail beds, with a 25 percent match from the counties. The legislation requires the local jail bed construction funding to be allocated by the Correctional Standards Authority (CSA). The grants will be allocated in two phases. The first phase will be for \$750 million.

May Revision. The May Revision proposal includes \$1.9 million General Fund for CSA to administer the local jail bed construction grants. The request will fund 14 positions to administer local jail construction funds. Responsibilities of the staff will include the development of Requests for Proposal criteria and monitor ongoing projects for standards compliance.

LAO Recommendation. The LAO recommends reducing the May Revision proposal by two positions and \$320,000 General Fund. The LAO finds that the workload justification statements for some of the new positions appear to include a number of tasks that would not be accomplished until 2008-09. The LAO indicates that, in future years, additional positions could be considered as the department demonstrates that the grant program is moving forward as planned.

Staff Recommendation. Staff recommends that the Subcommittee approve the May Revision proposal less two positions and \$320,000 as recommended by the LAO.

2. Adult Probation Funding

Governor's Budget. The Governor's January budget proposal contained \$50 million General Fund for a new probation grant to target the at-risk 18-to 25-year-old probation population. The Governor's January proposal included the grant amount growing to \$100 million in 2008-09.

The Governor's budget proposal also included trailer bill language that specified that the grants be allocated to local probation departments that submit an action plan to address adult probation services for the 18-to 25-year-old population. The program would require the local probation department to identify and implement a validated risk needs assessment tool and will require a plan to use services and programs to address drug treatment, mental health treatment, cognitive behavior skills, and educational/vocational needs. Each county, after the submission of the required action plan, will receive a minimum \$100,000 grant plus a per capita share.

May Revision. The May Revision reduces the January proposal by \$25 million in the budget year and \$75 million in 2008-09.

LAO Recommendation. The LAO recommends reducing the Governor's probation grant proposal to a \$5 million pilot project and revised trailer bill language that would establish a more targeted competitive grant program in a few counties.

Staff Recommendation. Staff recommends that the Subcommittee take the following actions:

- Reject the May Revision proposal.
- Approve \$20 million funding to support four one-time probation pilot projects.
- Approve placeholder trailer bill language to guide the design and implementation of these pilot projects.

3. Mentally Ill Offender Crime Reduction Grants

Background. The Mentally Ill Offender Crime Reduction (MIOCR) grant program was established by Chapter 48, Statutes of 2006 (AB 1811) to support locally developed efforts to reduce recidivism and promote long-term stability among mentally ill offenders.

Governor's Budget. The Governor's budget includes \$44.6 million for the Mentally Ill Offender Crime Reduction Grants to local governments.

Staff Recommendation. Staff recommends that the Subcommittee eliminate funding for the Mentally Ill Offender Crime Reduction grants (less \$44.6 million).

Correctional Officer Recruitment

1. Peace Officer Selection Staffing

Background. In general, vacancies for custody classifications are between 7 percent and 15 percent for adult institutions depending on the institution. Vacancies in custody classifications result in some officers working two consecutive shifts and many days in a row without a day off. This is not an ideal environment for staff safety and retention of staff. Furthermore, vacancies in custody classifications impact health care and programming because custody staff are needed to ensure inmate movement is safely achieved.

The 2006-07 Budget Act included \$54.4 million and 218 positions to greatly expand the Basic Correctional Officer Academy. The department has indicated that \$19.8 million of this appropriation will revert to the General Fund because the department was not able to utilize the funds in the current year. The department indicates that the funds approved last year were to address the resources needed to process an increased number of applicants.

The department indicates, historically, it has received 2,300 applications per month. However, in the first six months of the current fiscal year the department has been receiving over 6,700 applicants per month. This is almost a 200 percent increase in applicants. However, the department indicates that it is still below their goal of approximately 10,000 applicants per month.

Furthermore, the department has made changes to the peace officer recruitment process in an effort to streamline the process. The department indicates that it is now conducting background checks and pre-employment medical screenings simultaneously. The department is also

attempting to conduct portions of the selection process in remote areas near the hardest to fill institutions.

May Revision. The May Revision proposal provides \$18.7 million to support 102 positions and \$6 million for advertising contracts to increase recruitment, testing, and appointment of well qualified staff to fill entry-level peace officer positions at CDCR institutions. The department also requests the conversion of 73 Associate Governmental Program Analysts (AGPAs) to 73 new Correctional Sergeants to conduct background checks. The table below summarizes the allocation of funding and positions contained in the department's proposal.

	May Revision		Sub Action		Difference	
	Funding	Positions	Funding	Positions	Funding	Positions
Marketing and Recruitment Positions	\$499	5.0	\$0	0.0	-\$499	-5.0
Advertising Contract	5,900		0	0.0	-5,900	
Customer Service Call Center	464	7.0	0	0.0	-464	-7.0
Administrative Support and Management Analysis	1,129	12.0	1,129	12.0	0	0.0
Selection and Standards - Support	491	6.0	0	0.0	-491	-6.0
Selection and Standards - Testing	1,076	16.0	0	0.0	-1,076	-16.0
Selection and Standards – Backgrounds	7,962	74.0	2,775	37.0	-5,187	-37.0
Pre-Employment Medical	960	10.0	0	0.0	-960	-10.0
Selection and Standards – Appointments	187	3.0	0	0.0	-187	-3.0
Total	\$18,668	133.0	\$3,904	49.0	-\$14,764	-84.0
Subtotal: Custody Staff		112.0		0.0		

Staff Comments. The department indicates that it has decided to use Correctional Sergeants to conduct background investigations instead of the Associate Governmental Program Analysts that were assigned to this work. In doing this the department has either significantly reduced the number of staff doing background checks or decided to spend at a rate that exceeds their current year budget authority by approximately 40 percent. If the department has done the latter, it is likely resulting in the redirection of resources from other activities.

Furthermore, it is not clear why retaining over 100 custody classifications in support-type positions is the best use of sworn staff given the current shortage of correctional officers in the institutions.

The department already expends \$1 million in advertising and it is not clear whether these expenditures are resulting in increased applications. Furthermore, staff finds that other outreach activities may be more effective, including making more trips to the communities where the prisons are located and networking in these communities.

Furthermore, staff finds that the \$1.1 million for the administrative support and management analysis branch are expected to evaluate the current recruitment process and “blow up the boxes” and develop tools and strategies that enable the department to improve recruitment and selection process.

Staff Recommendation. Staff recommends that the Subcommittee take the following actions:

- Reject the Governor’s budget proposal.
- Add \$1.1 million for the administrative support and management analysis branch.
- Add approximately 37 AGPA positions and \$3.9 million to expand the staff for the unit that does the background checks, but reject the administration’s proposal to use the Correctional Sergeant classification for the background checks, including rejecting the department’s administrative action to convert AGPA positions to Correctional Sergeant positions.
- Add budget bill language that would allow the department to submit a new staffing plan for the background unit to improve retention of the staff in this unit. The staffing plan should not include sworn peace officer positions and is subject to notification of the Joint Legislative Budget Committee.

Office of Correctional Safety

1. Criminal Intelligence and Analysis Unit

May Revision. The May Revision proposal includes \$3.4 million General Fund and \$5.5 million in reimbursements to support 37 positions to develop a permanent Criminal Intelligence and Analysis Unit. The reimbursement funds are the proceeds of a grant from the Office of Homeland Security to develop an information technology system. The staff would develop methods of assessing threats and vulnerabilities against the safety and security of CDCR prisoners, staff, and the public and more effectively partner with the U.S. Office of Homeland Security to prevent prison radicalization.

Staff Comments. Staff recognizes that there is significant gang activity and gang-related problems in state prison. However, staff does not think this proposal is justified at this time. The department has other internal affairs operations and it is unclear why their efforts are not focused on collecting criminal intelligence.

Furthermore, a Feasibility Study Report for the new information technology project has not been received and it is unclear how this system will interface with the new Strategic Offender Management System being pursued by the department.

Staff Recommendation. Staff recommends that the Subcommittee reject this proposal.

2. Regional Gang Task Force

May Revision. The May Revision proposal includes \$3.3 million to support 34 positions to implement a Multi-Jurisdictional Gang Interdiction Task Force. The goal of the task force is to combat organized crime through the development of partnerships with local, state, and federal law enforcement agencies.

Staff Comments. Staff recognizes that gang activity is a significant issue in state prison and in certain local communities. However, it is not clear how this new layer of staff in the Office of Correctional Safety will enhance the current efforts to address gang issues. For example, the Department of Justice is also funded with special agents that assist in Gang Suppression efforts.

Furthermore, some research indicates that direct gang suppression efforts actually lead to increased gang activity and increased violence. Therefore, it is not clear that this is the best alternative for reducing violence related to gangs.

Staff Recommendation. Staff recommends that the Subcommittee reject this proposal.

Other Issues

1. Community Correctional Facility Contract

May Revision. The May Revision includes \$4.6 million General Fund to support increased costs associated with revised contracts with three private community correctional facilities (Mesa Verde, Baker, and Leo Chesney).

Staff Comments. Staff finds that budget bill language was added to the 2006-07 Budget Act that required CDCR to pass-through the state cost-of-living adjustment to the public community correctional facilities under contract with CDCR. This budget bill language was removed in the 2007-08 Governor's budget.

Staff Recommendation. Staff recommends that the Subcommittee take the following actions:

- Approve the May Revision proposal.
- Approve budget bill language to ensure that public community correctional facilities receive the state cost-of-living adjustment in the budget year.

2. *Armstrong* Court Order

May Revision. The May Revision includes \$7.9 million General Fund to support 70 limited term positions for specific actions directed by the *Armstrong* court to ensure compliance with the Americans with Disabilities Act. The proposal includes adding a designated *Armstrong* compliance coordinator at each institution. The proposal also contemplates hiring state sign language interpreters at prisons designated for inmates that are hearing impaired. The court order also requires the department to establish a network of regional staff that will monitor compliance with *Armstrong* and will be responsible for training staff on the Americans with Disabilities Act.

Staff Recommendation. Staff recommends that the Subcommittee approve this proposal.

3. Administrative Segregation Unit Staffing – Valley State Prison for Women

May Revision. The May Revision includes \$600,000 General Fund to support overtime funding for an overflow administrative segregation unit at Valley State Prison for Women.

Staff Recommendation. Staff recommends that the Subcommittee approve this proposal.

4. Restitution Accounting Canteen System

Governor's Budget. The Governor's budget proposal includes \$1.5 million from the Inmate Welfare Fund to support the Restitution Accounting Canteen System. These monies will be used to purchase replacement hardware and software for this project. This system allows CDCR to calculate and distribute interest earned on inmate trust account balances pursuant to a class action settlement. This project has an approved Feasibility Study Report.

Staff Recommendation. Staff recommends that the Subcommittee approve this proposal.

5. Employee Compensation Adjustments

May Revision. The May Revision includes \$14.3 million General Fund to fully fund employee compensation increases for the fall budget change proposals and the population estimate. The CCPOA arbitration settlement and several other court-ordered pay increases that changed salary levels were not known when the fall budget change proposals and population estimate was prepared. Therefore, these proposals are not funded at a level to adequately cover the new employee compensation costs.

Staff Recommendation. Staff recommends that the Subcommittee approve this May Revision adjustment, but only for budget change proposals that the Subcommittee has approved.

Attachment I

Attachment II

Attachment III